



European Rural Parliament 2015

National Report Republic from Montenegro

Prepared by

Network for Rural Development of Montenegro



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1. Introduction

This report includes the synthesized information collected during the national campaign which the Network for Rural Development of Montenegro (MRRCG) conducted on the territory of Montenegro constantly communicating with the main stakeholders in all the sectors of the Rural Development. The needs and aspirations of the rural community are vividly expressed aiming at being presented to the national and European decision makers, as well as enabling the input data for the Second European Rural Parliament in 2015.

The national campaign was carried out by the MRRCG thereby aiming to collect the quality information about the state and needs of the rural stakeholders in Montenegro, also firmly believing that the information being derived with the equal participation in all sectors and based on the *bottom to top* principle will reach the highest levels where decisions are made (national and the EU) and that the valuable inputs will be ensured for the purpose of creating the measures of support and the policy of the rural development at the level of the EU and the countries which aspire to join the EU.

Finally, given the fact that the European Rural Parliament is a platform which will provide an opportunity for the voice of the rural Europe to be heard, thus including the voice of the rural Montenegro, the significance for the need of this national campaign is stronger, which was the reason for 'taking a sample' from as many segments as possible of the rural community, synthesise in the 'list of needs' and credibly reflect the state on the field of Montenegro.

Network for Rural Development of Montenegro coordinates with 22 organisations in Montenegro and around 1000 individual agriculturists and agro-industrial units and has been invited as a national champion to implement this campaign. It has been done hoping that the inputs from this Report will contribute to the making of the European Rural Manifesto which will get its final frame and be passed during the European Rural Parliament.

2. Rural development in Montenegro

Montenegro is a country where tourism and agriculture are seen as its priority branches. Around 40% of the inhabitants live in the rural areas. The most important activity of the rural population is agriculture. Around 50.000 households deal with agriculture on small farms which, on average, are 5 hectares. Cattle breeding is a dominant activity in agriculture. The national economy is dominated by the service sector, and tourism is considered to be the bearer of the future economic growth.

The Government recognizes the need for the development of the agricultural sector and the sector for food production for the purpose of boosting its competitiveness. For the last two years, the Ministry of Agriculture and Rural Development has established a concept related to the organization of the public service work. The concept was not previously applied and it is based on the transparent and open communication with all the participants in the sector and the fast feedback. In the last two years, this Ministry has significantly improved the position of agriculture as a theme in the politics of the Government of Montenegro. The improvement is visible in terms of looking upon agriculture as a business activity and not so much as the social activity of the society. Besides, the participation of agriculture in the national GDP is still around 10%. People critical of the Government often claim that the weakness related to this concept is the low budget for the agriculture and rural development. However, what is indeed questionable is the amount of money by which the budget should be increased - having in mind

the current needs and spending according to the measures of the current budget, the impression which we may get is that the existing budget is not spent completely. The insufficient use of resources is obvious even in the areas with favourable conditions.

The main stakeholders in rural development in Montenegro are as follows

The Government – The Government creates the strategies, makes implementation plans and provides an adequate system for conducting the support measures

Ministry of Agriculture and Rural Development – in terms of staff, organization and technical aspects, it is still not capable of fully bearing the burden of the necessary activities aimed at enhancing and building the institutional basis in this area.

Other ministries, state agencies, funds and donation programs have intensified the interest in this issue. However, the absence of coordinated activities is evident. Inter-ministerial cooperation in the area of the rural development has not been formalized and there is no body which would at the highest level coordinate and follow the Government's activities. Not having the mentioned body complicates and makes more difficult the communication and coordination, also reducing the efficiency of the state policy in this area.

Regional institutions – they are organised in different forms: agencies, offices, funds, associations etc. Their position in the organisational structure of the institutions connected with the rural development in Montenegro is differently positioned, ranging from the institutions which have a high level of autonomy in the performance of its activities in the vertical chain, to the institutions which are regional-local institutions of the government bodies, donation projects, business associations etc. The technical operability, the staff competence and the funds which they have are largely different even within the same organizational structures (chambers). They are active in the area of the entrepreneurship development, public-private partnership, MSP support, employment programs and education. The cooperation and the contact with the local communities and rural stakeholders are still lower than the possibilities and needs.

Agencies and Funds – These institutions are differently positioned in the vertical system of decision-making, depending on the autonomy they have. It could be said that they are still at the lower level than the social systems which have a longer tradition of decentralized decision-making and funds, with the efficient management and more transparent mechanisms of information distribution, funds/assets and the overall operationalization.

Local institutions – The level of their autonomy certainly depends on the context of the administrative organization of the country. In some cases, these institutions have the capability to unite the key local stakeholders and to establish the innovative local milieu, strong enough to significantly influence the local development and fill the gap. Such cases are still very rare in Montenegro.

Social partners – In this case, the longer tradition of the managerial and entrepreneurial skills of the local population is very important. The social partners in the rural development of Montenegro are mainly entrepreneurs and the representatives of the production associations actively involved in the social dialogue and the consultative process related to the issues of labor market and/or the capital.

NGOs – NGOs' role in the rural development significantly varies. The NGO sector in the transitional countries, and in Montenegro, is actively involved as a partner of the socially

vulnerable groups of the population and the activities related to the environmental protection. In the area of the rural development, NGOs are active first and foremost in the area of environmental protection and in promoting the cultural and historical heritage, education and social problems. Although many NGOs have lately claimed to be relevant to the rural development, there are only few of them with the implemented projects in this area. The rural population started to identify them as their relevant partners because they are slowly getting familiar with their initiatives and projects.

Financial institutions – the programmes of investment and development funds are designed to stimulate investment in the undeveloped areas, SME, agro-industry and similar purposes, whereby the possibilities of activating the rural potentials are enlarged. Banks and microcredit organisations still do not have the programmes and credit lines for the support of rural development. There are certain cases, but even they are more marketing-oriented than concrete.

Innovative local communities, such as Pljevlja, Cetinje and Nikšić, are taking their own initiatives and are rapidly preparing for the use of the EU funds. However, the absence of coordination and connection at higher levels in some local communities threatens to jeopardise their acquired potential, especially in terms of staff.

Educational and scientific institutions – these are not yet contributing significantly to rural development. There is a low level of knowledge : there are no formal school curricula related to rural development issues : the study and analytical potential are extremely low, : there is only a small number of quality studies in this area.

Supporting institutions – the information base practically does not exist. Many documents prepared within certain activities – such as reports, analyses and studies by international organisations – are not readily available.

Institutional capacity. In summary, the level of development of the institutionalised capacities in the area of the rural development in Montenegro is relatively low, despite the fact that awareness has been raised about the necessity of their enhancement. Major progress has been made at the national level by the Ministry of Agriculture, whereas other ‘levels’ are rather late. Under-development of the institutional framework directly influences the difficult access of the rural Montenegrin population to the physical capital, financial and other services, technologies and the market.

Complexity of the adaptation of the rural policy to the standards and policies of the EU is not sufficiently harmonised. The adaptation is more rapidly made in the domain of legislation and byelaws, but much more slowly in the domain of strengthening the existing institutions and founding the new institutions for their implementation and control.

Experiences in the operationalisation of MIDAS and IPARD-like aid programmes showed that the readier a country was to make institutional conditions, i.e. to establish the necessary requested structures, the faster it was to succeed in drawing down and utilizing the assets being allocated.

The lack of initiatives by the rural people themselves, in order to solve important issues in the rural areas, was obvious in the previous period. It was one of the main reasons which caused the development of rural areas in Montenegro to fall behind. Organising the rural population to

develop ideas and create local economic strategies can contribute to the changes on a large scale. Such organisation, and the sustainable development of Montenegrin rural areas, can be supported with the implementation of the integrative and innovative strategies of the rural stakeholders through the European LEADER approach. This is recognized in the National Programme for development of food and rural areas. However, the LEADER approach is still not applied in Montenegro. In the first Proposal for the IPARD programme, the support for the LEADER approach was not envisaged, but it will be included in IPARD II (for the programme period 2014-2020).

Montenegro is strongly focused on integration to the EU. The negotiation process has started, with a focus on some chapters. The chapters related to agriculture and rural development are huge and require the involvement of many interested parties. A task force was created for the negotiations, with people from the civil sector taking part. MRRCG representatives are active in the task force, as well as in the Monitoring Board for IPARD-like programmes which are current in Montenegro. Through these forums and boards, the communication between the public and civil sectors is significantly improved and the possibility has been created for the voice of the rural population to be heard better at the local, national, and certainly, at the regional and European levels.

3. Methodology of the national ERP campaign

We began collecting ideas in our country by having our members (organisations from six cities in Montenegro) make workshops in all three regions of Montenegro (south, central and north). In six municipalities (Nikšić, Danilovgrad, Pljevlja, Cetinje, Tuzi and Berane) at those workshops in the period from March until June 2015, ideas were collected from the local population by applying the method of participatory approach. The workshops were organised in the local schools. The ideas were offered and later discussed in groups. In the end, the problems and possible solutions were defined. Then we made a questionnaire and forwarded it to all the municipalities and asked for the information they receive through the regular work of the services on the field and the requests of the rural population. We also sought the same pieces of information from the Ministry of Agriculture and their advisory services. The questionnaire was also sent to all available independent experts and those employed in agricultural schools and the Faculty of Agriculture. A very useful source of information to us in Montenegro was the Rural portal website, which is frequently visited and where many letters come from the people living in rural areas.

At the end of the complete process, a meeting was organised by the representatives of all the members of the Network for the Rural Development and the final proposal of the list of problems with the proposed solutions being an integral part of this report was passed. It will be forwarded to the Government of Montenegro as an initiative of the rural population.

4. Stakeholders' involvement:

During the preparation of the national campaign, members of the network made a plan of communication and provided the contacts of all potential participants. Apart from the representatives of the Network members, the representatives of the rural local communities, local governments, representatives of the businessmen in the rural areas and agro-industry took part in the campaign. Also, the people who were the typical representatives - pioneers, or people with authority in villages - were contacted. Independent intellectuals and lecturers at the

significant contribution was given by polling the specialists and experts in the area of tourism, as well as caterers and people involved in the rural tourism (owners of ethno villages and ethno households). A few interviews were held with the key people from several banks and microfinancial organisations that operate in Montenegro. This heterogeneity of stakeholders provided the quality inputs for reaching the answers concerning the identified themes or barriers to the rural development of Montenegro.

5. Selected themes

Five themes and fifteen subthemes were selected – see tableo next page.

1. Barriers to the development projects in the rural areas	5.1.1. Find the models of removing the business barriers through the partnerships with the local governments (local plans, building permit/licence etc)
	5.1.2. Identify the key projects in accordance with the strategic documents, find partners and prepare the analyses, studies and the project documentation
	5.1.3. Enhancing the communication between the users of the measures and the projects and agencies and funds for the support of the development
2. Role of the civil sector in the creation of the policies and support measures of the rural development and implementation of the LEADER approach	5.2.1. Develop the capacity of the civil society organisation to influence the policy of the rural development
	5.2.2. Support the preparations for the complete implementation of the LEADER approach at the local level
	5.2.3. Influence the development capacity of all stakeholders, in particular of OCD and the local governments, in the process of implementing the IPARD program
3. Diversification of the economic activities in the rural areas	5.3.1. Support the local producers in the marketing and presentation
	5.3.2. Support the rural tourism and create the new products
	5.3.3. Support the local population for the valorization of the existing unrecognized resources
4. Incentive for rural youth and the social service for the old	5.4.1. Administration facilities for the young in rural areas
	5.4.2. Support the non-agricultural activities in rural areas
	5.4.3. Support the social entrepreneurship and the existing services
5. Dissemination of the timely and clear information	5.5.1. Support the existing advisory services and use the availability of the information at all levels
	5.5.2. Organise the local exhibitions, mini fairs, study visits and the examples of good practice
	5.5.3. Provide the continual platform for the communication of the local population with all the interested parties (consultants, local governments, ministries, agencies, financial sector, the mechanization market and the agricultural inputs)

6. Conclusions from the discussed themes

6.1. Barriers to the development projects in rural areas

Find the models of removing the business barriers through the partnerships with the local governments (local plans, building permit/licence etc)

The project "MIDAS" was implemented in Montenegro and supported by the World Bank. This project was virtually a simulation of the IPARD project. Beside the support to the investments in the agricultural farm/estate, this project was also aimed at training and preparing all stakeholders of the Montenegrin rural sector, including agriculturists, state administration and advisory services. Through this successfully implemented project, everyone in the chain had the training and realized how the system of support will function in the future and in what way the payment shall be effected, i.e. the support of the cofinancing upon the completion of the overall investment. After the MIDAS project, the implementation of the following 'IPARD like' programme began and it went one step further and raised the level of standard and seriousness in the implementation of the projects in agriculture. During the realization of the two programmes, the most frequent barriers were noticed and they refer to getting the licence for the building of facilities. Partners who help solve these barriers are the local governments and only in communication with them, the long-term solution can be reached – building new or adjusting old urban plans, making new decisions etc.

Identify the key projects in accordance with the strategic documents, find partners and prepare the analyses, studies and the project documentation...

The least number of donations in Montenegro was given for the rural development and agriculture. All the funds which existed referred to the national Agrobudget and the budgets of the local governments. With the possibility to access the EU funds, then MIDAS and IPARD like, as well as some individual funds of the Embassies of certain countries. Therefore, there was not consciousness about the need to plan in a different way or think about the development outside of the national budgets. However, the appearance of the donors resulted in the need for the strategic planning, writing projects, more transparent management of the funds etc. The civil sector was obliged to think about the sustainable management, to recognize the need, define it and through projects seek funds for the needs in the society. Therefore, today we have a situation that the public sector is much unprepared for the new rules, while the civil sector is prepared for the current work principle. It is thus very useful today to have good communication between the public and civil sector, so that experiences and knowledge could be used to the benefit of the local community. That is why it is important to analyse the needs, harmonization with the strategic plans in line with the concept of planning and also prepare in advance the necessary administration for the preparation of the project.

Enhancing the communication between the users of the measures and the projects and agencies and funds for the support of the development

Despite the strong activities of the Ministry of Agriculture in the last few years to promote well all the support measures and invitations for the support through the MIDAS and IPARD like programmes, there is still much ignorance concerning the functioning of the support measures. The advisory services are very busy and cannot do the whole work and a great number of farmers receive only partial pieces of information which discourage them on their way of seeking support. This barrier is seen in the bad communication of the national Investment Development

Fund with the final users. This is why the better communication must be enabled between all the stakeholders in the rural development in order to make the system function properly and allow the better absorption of the means of support and the stronger rural development.

6.2. Role of the civil sector in the creation of the policies and support measures of the rural development and implementation of the LEADER approach

Develop the capacity of the civil society organisation to influence the policy of the rural development

It is of great importance to involve the civil sector in the rural development process. The civil sector has 'bottom-to-top' information which reflects the realistic needs of the local communities, and can use this to make quality inputs to the creation of the rural development policies, and then to the monitoring of implementing those policies and the support measures. Also, it is very important, particularly in Montenegro, to use the already poorly developed capacities from this area. The introductory part mentions the significant involvement of the civil society sector representatives in all almost all activities at the national level. They participate in the making of strategic documents; are consulted when preparing and implementing projects; and take part in the task force for the negotiations and the IPARD programme monitoring etc.

Support the preparations for the complete implementation of the LEADER approach at the local level

LEADER as a measure has not yet been included in the national programme and Montenegro has still not founded a single Local Action Group. For the purpose of creating conditions for the development of rural communities, it is necessary in the following period to work on establishing the mechanisms for the implementation of the LEADER approach from the national programme until the moment when the funds from the IPARD programme are accessible, which is envisaged to take place in 2016.

Influence the development capacity of all stakeholders, in particular of OCD and the local governments, in the process of implementing the IPARD program

The networking process implies intensifying the communication between all the interested parties in the rural development. It is important that all the three sectors understand the significance of connections. It is particularly important, as we have already mentioned, to strengthen the capacities through the mutual exchange of resources, in particular between the public and civil sectors, as the former have the logistics and the long-term sustainability, whereas the latter have experience in writing and managing the EU projects etc.

6.3. Diversification of the economic activities in the rural areas

Support the local producers in the marketing and presentation

As it was indicated in the introduction, agriculture in Montenegro is based on a great number of small farms. There are almost no possibilities for industrial agriculture in Montenegro, but there are great possibilities for improvement production on the small farms, raising their awareness in the area of technology, standards for the food safety, products marketing, creating new products, traditional productions and selling on the 'doorstep', the so called 'silent export' through tourism such as in Montenegro. Therefore, there is a great necessity to support

producers in the given categories through the organization of lectures, study visits and examples of good practice.

Support the rural tourism and create new tourism products

One of the possibilities and resources which have not been valorized so far is rural tourism. There are certain cases, whose experience should be used and promoted as case studies or good practice. It is necessary to put pressure and submit initiatives to the decision-makers for the improvement of the legislation in this area, harmonising with the EU and facilitating certain trainings in the form of study visits to those who might carry out these activities. This is very important as it is one of the 'leverages' which can take a part of tourists from the southern region to the central or northern part and thus lead to a more equal development of Montenegrin regions where there is a significant difference in terms of development.

Support the local population for the valorisation of the existing unrecognized resources

Rural communities in Montenegro mainly use the resources which have been used for a long time. The main activity is agriculture and exploitation of forests. These are rather difficult activities whose outputs are raw materials or semi-finished goods : the added value is usually taken by someone else in the further processing chain. It is therefore important to enable the local stakeholders to recognize the new resources in their community, so as to manage more sustainably and create added value. It is also increasingly important to recognize all the natural resources in the area of green economy and present them appropriately to possible future investors.

6.4. Incentive for the young in the rural areas and the social service for the old

Administrative facilities for young people in rural areas

Almost all the local strategic plans encourage the young to come back to villages and contribute to rural development. The civil sector should insist on as many facilities as possible that would be used by young people who are determined to set up their own business on their own estate. There are already certain facilities and possibilities through the measures of agrobudget, but it is also necessary to establish a set of measures at the local level.

Support the non-agricultural activities in rural areas

It is true that the main activity in rural areas is agriculture, but there are great opportunities in creating new jobs in the sector outside of agriculture. It is therefore very important to give support to the development of non-agricultural activities.

Support social entrepreneurship and the existing services

Support for the existing services and the social entrepreneurship must stem from the national and local level. The civil sector can significantly influence the initiatives for the provision of support to these services. Social entrepreneurship has an especial importance. The legal framework shall be set for the development of social entrepreneurship at the national level, whereat the civil sector can play the significant role in the creation of the legal solution. The civil sector is experienced in social entrepreneurship, though mainly in the urban areas. In future, the focus will be on the development of this type of entrepreneurship in rural areas.

6.5. Dissemination of timely and clear information

Support the existing advisory services and use the availability of the information at all levels

There are the Service for the selection of cattle and the Service for the herb production in Montenegro. Even though they are well organised, these services are burdened with their own activities and only little time is left for them to devote to the showing of the good practice examples, innovations in the production etc. Therefore, it is necessary to provide support for the existing advisory services and work on the enhancement of the network of the stakeholders, in the common activities, since we can only achieve a good result if we are well connected and informed.

Organise local exhibitions, mini fairs, study visits and examples of good practice

A very significant influence on the local economic development is drawn on by the members of that same community, which would have to be reflected in the organization of the local events, preparation of good practice, study visits etc.

Provide a continual platform for the communication of the local population with all the interested parties

Everything related to the communication is important. Therefore a platform for the constant communication between stakeholders needs to be established. The pieces of information about everything pertinent to the rural development would be exchanged via such a platform.

7. Addressed needs and demands of the rural stakeholders to relevant authorities representing local, regional, national and EU administration.

- There is a necessity for an appropriate complex strategy for rural development aimed at keeping the rural population in the villages.
- The need for funds to support the rural development is recognised, however the participation and the amount of budget transfers for rural development need to be increased. The current orientation towards the direct payments should gradually decrease and change with other policy objectives with the equal importance for the rural population and wider social community (investments, environmental protection, survival of the small farms etc.)
- The national and local authorities but also the civil sector should make effort to promote the opportunities from the rural development policy in front of the rural population, so they can recognize their needs and further human and material capacities in order to utilize these opportunities. One way is by using the LEADER approach and formation of the Local Action Groups.
- Decentralization is a very significant principle in the creation of the rural development policy and needs strengthening of the capacities of the stakeholders in order to actively take part in this process. That is why different informative and promotional activities are needed for raising awareness for the purpose of reaching to a critical mass of local participants.
- At the same time there is a need for the continuous communication and cooperation among the research community and policy creators and implementers. In this direction an overall and comprehensive approach is required, to include relevant theories, methods and continuous enhancement of the analytical potential of the research community.

- The lack of knowledge and information among the rural population related to the government support programmes should be dealt with through the well-structured education system in agriculture and rural development created on the basis of functional and efficient connections among institutions, advisory service and the rural stakeholders. The modules for training and knowledge transfer need to be adapted to the necessities of the rural stakeholders.